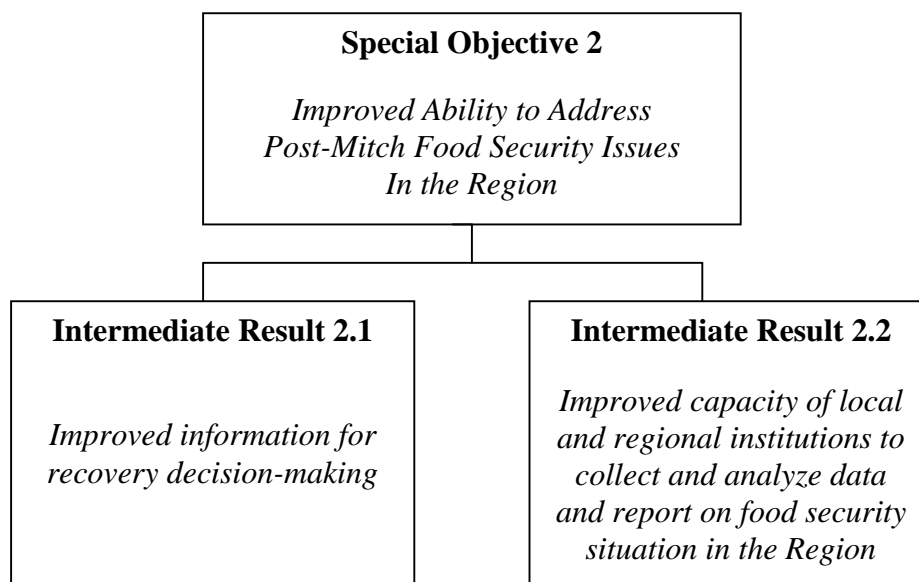


SECTION II: DETAILED ACTIVITIES BY COUNTRY

The United States Department of Agriculture provided enhanced information and analytical tools to key food security officials in Central America during the Hurricane Mitch Recovery Program. Activities carried out under this program were developed in response to the situation assessment and problem analysis conducted at the onset of the USDA Hurricane Mitch Recovery Program. The Special Objective 2 response consisted of two Intermediate Results as reflected in the following framework:



Three USDA organizations contributed collectively to the achievement of SpO2. They are:

- The National Agricultural Statistics Service (NASS)
- The Production Estimates and Crop Assessment Division (PECAD) of the Foreign Agricultural Service (FAS)
- The Economic Research Service (ERS)

The three agencies worked independently but cooperatively to achieve the desired results. The activities implemented by each of the agencies were distinct depending on the specific technical expertise required and the technology, processes and methodologies used. In the relatively short implementation period of the program, the products created and the services rendered by the Department of Agriculture achieved the Intermediate Results and the Strategic Objective.

SpO 2 activities addressed issues that were common among the target countries within the region. For the NASS and PECAD projects, we have disaggregated the

accomplishments, impacts and future considerations by country (Nicaragua and Honduras). The ERS Project activities were regionally focused and are reported here in a separate chapter. Section II is organized as follows:

- A. Country Program Description--Nicaragua
Project 1—NASS Technical Assistance
Project 2—PECAD Technical Assistance
- B. Country Program Description—Honduras
Project 1—NASS Technical Assistance
Project 2—PECAD Technical Assistance
- C. Regional Program Description—ERS Technical Assistance

C. REGIONAL PROJECT

Project--Economic Research Service (ERS) Regional Technical Assistance

Project Summary

The purpose of the Economic Research Service (ERS) assistance under the Food Security Special Objective was to improve the capacity of local and regional organizations to collect and analyze data and report on the food security situation in the region. The ERS Food Security Assessment Model (described below) was employed as a tool to enable countries to use a quantitative-based framework for food security analysis.

Training and technical assistance activities were implemented with country teams from Honduras and Nicaragua with the goal of building regional institutional capacity to assess food security using national price data and other quantitative variables. In Nicaragua, technical assistance was provided to the Food Security unit of the Ministry of Agriculture and Forestry (MAG-FOR). In Honduras, a group within the Project Planning Unit of Secretariat of Agriculture (SAG) was identified as the Food Security program counterpart.

The project addressed the relatively weak institutional capacity to organize information and conduct analysis on food security in the region and to provide useful and timely information to decision makers.

Specific Activities

Technical Assistance and Training

ERS technical assistance under the Food Security Special Objective focused on the use of the Food Security Assessment Model, an econometric model developed by ERS economists to provide an analytical framework for assessing food security at the macroeconomic level of a country. ERS economists made several technical assistance visits to the counterpart agencies in Honduras and Nicaragua to train personnel in the application of the model. In addition, a computer was procured for the MAG-FOR Food Security unit in Nicaragua in order to facilitate their work with the model, which was in a spreadsheet format. Efforts were made in both countries to engage counterparts in a deeper understanding and use of the model.

In October 2000, USDA and ERS staff held a regional training workshop for Food Security Model collaborators from Honduras, El Salvador, Guatemala and Nicaragua. The purpose of the workshop was to provide an opportunity for food security specialists from the region to strengthen their knowledge of the Food Security Model and to develop country specific

analyses related to food security issues in their own countries. The training reviewed the foundations of the ERS model and enabled participants to practice analyses using scenarios with different data sets.

ERS produced five Food Security Assessment Reports over the course of the project. Reports were released in March 2000, July 2000, November 2000, June 2001 and October 2001. Each quarterly report focused on a specific issue related to food security in the region and provided expert analysis for food security decision makers in the region. (See Annex A for copies of the ERS reports).

Specialized Analyses

During the drought 2001 reporting period, ERS was involved in analyzing data to provide an up-to-date assessment on the food gaps resulting from the shortfall in grain production as a consequence of the drought in Honduras and Nicaragua. Activities included running various scenarios of the Food Security Assessment model for preparation for briefings conducted by USDA/ERS and ICD staff in Central America.

ERS staff provided upon request several specialized analyses regarding the food security situation in the region. These analyses were given in the form of presentations to USDA Food Aid officials, USAID/Washington Latin American Regional Bureau staff, USAID Mission staff in Honduras and Nicaragua, and Central American government and non-governmental officials with an interest in food security.

Presentation to Central American Council of Agricultural Ministers

On August 10, 2001 an extraordinary meeting of the Central American Agricultural Council (*Consejo Agropecuario Centroamericano*, CAC) was held in San Salvador to discuss the effects of the on-going drought on the agricultural economies and food security situation in the region. The council is comprised of the Ministers of agriculture from the seven countries of the Central American isthmus including Belize and Panama. USDA sent ERS Agricultural Economist Shahla Shapouri to the CAC meeting to make a formal presentation on the quantitative effects of the drought in Central America on the Food Security indicators used in the ERS Food Security Assessment Model. Ms. Shapouri's analysis included scenarios of four possible grain production figures which demonstrated the problems associated with income distribution, the projected levels of food imports needed, as well as the food and nutrition gaps in each of the effected countries.

Her analysis showed that although the overall food security situation is serious, the effected countries thus far have been able to commercially import grains to make up some of the production shortfall. She noted a growing trend toward the importation of basic grains in the countries of the region ranging from 35-40% in Guatemala and Honduras to 20% in

Nicaragua. Her analysis also highlighted that the level of Food Aid assistance has been particularly significant in the case of Nicaragua, accounting for up to 70% of grain imports. Ms. Shapouri noted that availability of foreign exchange in the food deficit countries is a critical factor to enable the importation of food. (The fall of world coffee prices would depress export income, which in turn could negatively impact a country's ability to import grains to make up for lost production.)

The member ministers of the CAC were appreciative of USDA/ERS's presentation on the food security situation and expressed satisfaction regarding USDA's interest and willingness to contribute to the analysis and discussion of food security in the region.

Key Accomplishments/Practical Impacts

ERS demonstrated the use of the USDA/ERS Food Security Assessment Model as an effective analytical tool to the Ministers of agriculture of Central American countries and to key Food Security officials in the Central American region.

ERS produced five high quality, analytical Food Security Reports during the recovery period and disseminated the information via the PECAD web site for access by food security officials in the region.

To the extent that food security officials in the region use Econometric models, multivariate data, and quantitative analysis to conduct their work, then the ERS Food Security model and the specialized reports produced under this project provide additional resources to assist in these efforts. Indeed some organizations such as the World Food Programme and other donors do utilize such models in their food security work. However, at the government/ministry level in Central America, this type of analysis does not appear to be common and political rotations of staff make for an unstable institutional environment.

Constraints with host counterpart agencies

Technical assistance and technology transfer to the Honduran and Nicaraguan counterpart agencies did not result in a significant strengthening of their technical and analytical capacity to analyze food security issues in their countries. Perhaps due to weak quantitative skills, counterpart staff did not embrace working with the ERS Food Assessment model. Additionally, Spanish-English language barriers made communication difficult between ERS technical experts and counterparts during in-country visits.

El Salvador and Guatemala, initially interested in working with the Food Security Assessment Model, did not follow up with any substantive action.

Before the onset of the drought during the summer of 2001, food security appeared to be a

low priority in the schemes of the respective Ministries of Agriculture. With the drought and the increased potential for a food security crisis, regional stakeholders expressed a renewed interest in the ERS assessment model as evidenced by their strong interest in ERS's presentation at the CAC meeting.

Additional Measures To Protect The Investment/Recurring Costs

A sustained political interest to address food security issues in Central America is needed in order to improve analytical and reporting efforts for decision-makers. In spite of the sheer numbers of food-insecure people in the region, food security is a sensitive political issue. Only during crisis situations does it garner the interest of political leaders in the region. When the crisis subsides, so does the interest in addressing food security.

A concerted approach toward poverty reduction should also address the issues of food security. In their agreements with host governments, Food Aid donors should include efforts targeted at improving the analytical capacity of recipient countries, specifically their capacity to quantify and qualify their food-insecure populations. Recipient countries such as those in Central America need to improve their technical capabilities to provide reliable analytical information to their own decision makers as well as to donors.